



Company Update

Implementation of Deeds of Company Arrangement (Deeds) and Resumption of Operations

The Company and the Deed Administrators announce that the Company and its operating subsidiary will exit external administration within the next 7 days. Following the approvals obtained from shareholders at the annual general meetings of 18 December 2017 and 22 June 2018, the reconstruction of the group's balance sheet has been completed and the group now resumes operations free of debt and sufficient cash to both meet the requirements under the ASX Listing Rules and execute its business plan.

Commencement of Definitive Feasibility Study

As outlined in the Deeds, the centrepiece of the Company's business plan is the completion of a definitive feasibility study (DFS) aimed at increasing the Uley Project's production beyond its current capacity to a level the Board considers will underpin the Company's global competitiveness.

The Company announces that Lycopodium Minerals' appointment to conduct the DFS, as foreshadowed in the Deeds, was confirmed and Snowden Mining Industry Consultants has now been retained to conduct the geological and mining components. It expects to retain Knight Piésold within the next two weeks to complete the geotechnical component of the DFS. Preparatory work for the DFS commenced on site, at Uley earlier this week.

Further, Lycopodium Minerals' appointment is subject to a cap on the cost for its work in the amount of A\$400,000. Payment to Lycopodium Minerals has been satisfied by the issue of shares. This represents a significant benefit to the Company's financial position.

The Company will make further announcements as work on the DFS progresses.

Summary of Activities during External Administration

The Company refers to its prior announcements regarding activities during external administration and provides the following by way of summary and further update:

(a) Completion of site works at Uley relating to the Tailings Storage Facility and associated works to ensure ongoing compliance with the approvals for the Uley Project including the Company's Program for Environmental Protection and Rehabilitation issued by the South Australian Minerals Resources Division in December 2014;

(b) Renewal of Mining Leases ML5561 and ML5562 to 16 March 2024 and renewal of Retention Leases RL66 and RL67 to 16 March 2024; and

(c) Renewal of Exploration Lease, formerly referred to as EL4778, however the Company had been waiting on the terms of renewal. On 2 August 2018, the Company notified the Mineral Resources Division that it accepts the terms of renewal offered to the Company on 27 July 2018. Details of the renewal will be the subject of a further announcement once the formal grant of renewal is received.

Participation in Battery Tenders Consortium

During the external administration, the Company participated in a consortium that submitted tenders to supply grid connected battery storage to the Victorian and South Australian Governments respectively in 2017. The consortium included Lycopodium Limited and related companies, the consortium's managing and financial partner, Chimaera Capital Markets and the Company.

The consortium's tender was based on certain graphite based thermal storage technologies owned by companies controlled by directors Sal Catalano and Bruno Ruggiero and which had authorised its use for the tenders.

The consortium was unsuccessful in both tenders and was subsequently dissolved.

The Company considers that thermal storage utilising high purity graphite is potentially a significant source of demand for its product and will monitor technological developments in this area.

Requotation of the Company's Shares

The Company is progressing the outstanding requirements for the requotation of its shares. It expects to make a further announcement within the next 2 weeks with details of the timing of requotation.

Sal Catalano
Company Secretary
Quantum Graphite Limited

Laurence Fitzgerald
Joint & Several Deeds Administrator
William Buck

Contacts details:

Sal Catalano
compliancegroup@chimaerafinancial.com

Garth O'Connor-Price
garth.oconnorprice@williambuck.com